

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

VS.

MAURICIO CHAVEZ, GIORGIO
BENVENUTO and CryptoFX, LLC,

Defendants.

CBT Group, LLC,

Relief Defendant.

CIVIL ACTION NO. 4:22-CV-03359

JUDGE ANDREW S. HANEN

AFFIDAVIT OF S. GREGORY HAYS

Personally appeared before the undersigned notary public, duly authorized to administer oaths, S. Gregory Hays, who being duly sworn, deposes and states the following under oath:

1. My name is S. Gregory Hays. I am over 21 years of age, of sound mind, and otherwise competent to give this affidavit based on my personal knowledge.

2. I am the managing principal of Hays Financial Consulting, LLC (“HFC”), which was employed by the court-appointed Receiver, John Lewis, Jr. (the “Receiver”) as Financial Consultants and Accountants. Our role is to assist the Receiver with financial analysis and forensic accounting, and a court order allowing this employment was entered on December 1, 2022. (Doc. Nos. 31 and 37).

3. The Receiver employed Shook, Hardy & Bacon LLP (“SHB”) as counsel to the Receiver. Collectively, the Receiver, HFC, and SHB are referred to as the “Receiver Team”.

4. The Receiver Team inspected the offices of CryptoFX and arranged to have all the paper records scanned and stored in Relativity, a database and document review program.

5. The Receiver Team has subpoenaed thousands of pages of documents and they have been uploaded to the Relativity database. I have personally spent hundreds of hours reviewing these documents.

6. My review of the CryptoFX records shows that CryptoFX, a Texas-based limited liability company, sold cryptocurrency investment packages to investors promising to trade their funds in cryptocurrency and/or foreign exchange markets.

7. The records also show that Chavez promised to pay investors (and actually paid many) 15% - 20% returns on their investments.

8. Investors were asked to sign a short contract called "Venture Agreement," which outlined the name and address of the investor, the names of the sponsors, the percentage each sponsor received in commissions on the contract, the amount invested, dates when the returns were due, and dates when payment of the returns were made. The Receiver team has collected hundreds of these agreements. A true and correct copy of an exemplar CryptoFX Venture Agreement is attached herein, as **Exhibit 1**.¹ Payments of returns on the investment were generally made every three months. *Id.*

9. My review of the CryptoFX records shows that payments of returns on prior contracts were made from funds invested by newer investors.

10. CryptoFX did not send investors any type of statement or record showing how their funds were traded or how the investment performed.

¹ For example, the initial capital invested in the Venture Agreement shown in **Exhibit 1** is \$7,500. 15% return for each month equals \$1,125/month. The investor was paid \$3,375 after 3 months (\$1,125x3). He/she was paid the same amount in the next 3 months.

11. CryptoFX did not provide any tax notice including 1099-MISC or other income notice to investors.

12. Company records show that CryptoFX operations were based on a network referral program, where existing investors were paid to recruit new investors. These sales people were referred to as sponsors or “leaders.” The company operated as a two-level pyramid scheme, where the “direct sponsor” was paid 7% of the invested capital, and the “indirect” sponsor 3%. In addition to these commissions, to further incentivize sponsors to bring more people to invest in CryptoFX, the company paid them bonuses. Two of these bonus programs were “Bono Doble” or double bonuses and “Bono Elite” or elite bonus. Payments of the commissions and bonuses were made from the same investor funds the company collected.

13. Currently-available company records show that the majority of the investments and payments on the CryptoFX contracts as well payments of commissions and bonuses to sponsors were made in cash. Company records further show that some investments as well as payments to investors and sponsors were made in cryptocurrency, wire transfers, money orders, checks, or Zelle transfers.

14. CryptoFX had an accounting group managed by Norma Chavez, who I understand to be Defendant Chavez’s aunt. The company did not have a centralized accounting system. Records show that the accounting personnel recorded investments, payments made to leaders as commissions or bonuses, as well as payments of returns on the contracts on Excel spreadsheet stored in the CryptoFX Google Drive.

15. CryptoFX also employed several individuals to handle customer service operations. In addition to handling the company phone lines, the customer service group assisted with scheduling appointments for existing investors to receive their return payments; taking and

recording investor information related to payments in cryptocurrency; recording investor information in the company records; and opening new contracts.

16. CryptoFX records show that many of the leaders were sent or had access to Excel spreadsheets, which are also stored in the CryptoFX Google Drive (“Leader spreadsheets”). Leaders used these spreadsheets to record new contracts, names of investors, amounts invested, names of sponsors, amount of commissions and bonuses paid to leaders, funds paid as returns on prior contracts, and the balance or amount of cash sent to CryptoFX generally each month.

17. CryptoFX was based in Houston, TX. It also operated in other states, including California, Louisiana, and Illinois. *See Receiver’s First Interim Report at 2 (Doc. No. 33).* Records show that CryptoFX leaders in those states operated in the same way that CryptoFX operated in Houston. They opened CryptoFX contracts, collected funds from investors, paid the sponsors out of the same funds, paid returns to earlier investors, and then sent to Houston the balance, if any, of the funds generally every month. The out-of-state leaders brought the cash to Houston themselves or Chavez would send his driver, Man L. Wong (also known as “Chino”) to pick up the cash. The out-of-state leaders also used the Leader spreadsheets provided to them by the Houston accounting team to record CryptoFX investor and sponsor transactions.

18. The Receiver Team has taken possession of thousands of pages of CryptoFX accounting and customer service documents, including many of the spreadsheets used by the leaders. However, the Receiver Team has not obtained access to the CryptoFX Google Drive, which stores additional accounting documents.

19. Additionally, my analysis of the CryptoFX records and records obtained from third parties show that Chavez transferred CryptoFX investor funds to other businesses he controls,

including Maurizzio Group, LLC, JM Monarchy, LLC, Luxury Real Estate, LLC, and Hair News Color N Cuts, LLC.


20. For example, we have identified \$78,750 in CryptoFX investor checks payable to JM Monarchy directly deposited into a JM Monarchy bank account at Bank of America.

21. Further, our analysis shows that Chavez purchased the property at 24923 Tidmor Lane, Richmond, TX 77406 on 9/17/21 for \$354,234. The majority of the proceeds used to purchase the property came from a bank account in the name of Mauricio Chavez at BBVA Bank. The source of the majority of the funds used to make the \$311,005.12 payment for the property purchase can be traced to transfers from CryptoFX's Coinbase account. Mr. Chavez transferred this property to JM Monarchy LLC on January 19, 2022.

22. We have also identified at least \$640,000 in CryptoFX investor funds payable to Luxury Real Estate directly deposited into a Luxury Real Estate bank account at Regions Bank.


23. Further, we have found that Luxury Real Estate purchased a property located at 2030 Green Haven Ct, Missouri City, TX on April 14, 2022 for \$703,733. The funds used to purchase the property came from bank accounts in the name of Mauricio Chavez and Luxury Real Estate. Of the purchase price, \$378,000 can be traced to CryptoFX investor funds paid directly to Luxury Real Estate. The source of the other funds used to purchase the property is being traced. Luxury Real Estate transferred the property to JJ Trust, Janette Gonzalez Trustee, on August 11, 2022, for no known consideration.

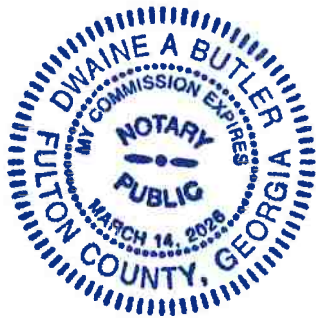
FURTHER AFFIANT SAYETH NOT.


S. Gregory Hays

Sworn to and Subscribed before me

This 24th Day of April, 2023


Notary Public
My Commission Expires: 3/14/2026



REDACTED

NAME:

ADDRESS:

START DATE: 03/15/22 DUE DATE: 09/15/22

PHONE: REDACTED

E-MAIL:

DIRECT SPONSOR 7%: REDACTED

INDIRECT SPONSOR 3%: REDACTED



No. 016012


BRONZE
PACKAGE
1K+

\$ —————


SILVER
PACKAGE
5K+

\$ 7,500.00


GOLD
PACKAGE
10K+

\$ —————

MONTHLY ☐3 MONTHS ☒6 MONTHS ☐CONTRACT RENEWAL ☐

MONTH 1 06/15/22 \$3,375 paid 06/21/2022

MONTH 2 09/15/22 \$3,375 paid 09/30/2022

MONTH 3 _____

MONTH 4 _____

MONTH 5 _____

MONTH 6 _____

+30 DAYS CONTRIBUTION OR CONTRACT RENEWAL

VENTURE AGREEMENT CRYPTOFX,LLC

REDACTED

FREELY DECIDED TO CONTRIBUTE TO CRYPTOFX LLC THE AMOUNT OF \$7,500.00

I UNDERSTAND THAT CRYPTOFX LLC IS NOT AN INVESTMENT COMPANY OR PLATFORM, IT IS AN EDUCATIONAL ACADEMY OF FOREX AND CRYPTOCURRENCY.

WE ARE TAKING YOUR MONEY AND INVESTING IN OUR BEHALF. IF WE RECEIVED ENOUGH RETURN ON CRYPTO CURRENCY, WE WILL REPAY THE STUDENT A PORTION OF THE TOTAL TUITION.

IN CONSIDERATION OF CRYPTOFX, LLC AGREEING TO ENTER INTO A VENTURE AGREEMENT, THE STUDENT ACKNOWLEDGES, UNDERSTANDS AND AGREES THAT:

- THE VENTURE IS VERY SPECULATIVE AND RISKY. FOREIGN EXCHANGE AND CRYPTOCURRENCY TRADING IS HIGHLY SPECULATIVE AND THE STUDENT UNDERSTANDS AND IS WILLING TO ASSUME THE ECONOMIC, LEGAL, AND OTHER RISKS INVOLVED AND (B) IS FINANCIALLY ABLE TO ASSUME LOSSES.

- THE STUDENT UNDERSTANDS THAT CRYPTOFX LLC IS A SIMPLE EDUCATIONAL ACADEMY NOT REGISTERED WITH THE TEXAS WORKFORCE COMMISSION NOR HAS ANY REGISTRATION WITH THE SECURITY AND EXCHANGE COMMISSION AS A DEALER OR AS AN AGENT NOR HAS ANY INSURANCE COVERAGE.

THE STUDENT UNDERSTANDS THAT WILL BE LEARNING THE STRATEGIES FOR TRADING FOREIGN CURRENCIES AS WELL AS CRYPTOCURRENCIES AND KNOWS THAT THERE IS NO INVESTMENT PLAN.

CONFIDENTIAL AGREEMENT

REDACTED

I AGREE TO KEEP THIS VENTURE AGREEMENT AS PRIVATE AND NOT TO SHARE ANY INFORMATION PROVIDED TO OTHERS. ANY MATERIALS LEARNED WILL NOT BE SHARED UNLESS HAVING PERMISSION BY CRYPTOFX, LLC.

THE STUDENT FURTHER UNDERSTAND THERE IS A HIGH RISK IN TRADING FOREIGN CURRENCIES AND ACKNOWLEDGES HE/SHE DOES NOT KNOW NOR UNDERSTAND THE FEES INVOLVED IN TRADING FOREIGN CURRENCIES.

THE STUDENT FURTHER UNDERSTAND THERE IS A HIGH RISK WITH THE CRYPTOCURRENCY AND IN TRADING IN CRYPTOCURRENCIES BECAUSE THE VOLATILITY OF THE PRICE MAY DECREASE OVER A SHORT PERIOD OF TIME RESULTING IN SIGNIFICANT LOSS FOR THE STUDENT. A POSSIBLE HACKING INCIDENT OR MALICIOUS ATTACK MAY NEGATIVELY IMPACT THE PRICE OF THE CRYPTOCURRENCIES AND IN THE EVENT OF THEFT OR FRAUD ARE DIFFICULT TO TRACE AND RECOVER.

REDACTED

STUDENT'S SIGNATURE

DATE: 03/15/22

CRYPTOFX,LLC REPRESENTATIVE

DATE: 03/15/22

CRYPTOFX,LLC RECEIVER

DATE: 03/15/22

